

Minutes
Process Standardization Working Group Meeting

Thursday July 17 2003 9:00 a.m. to 12:00 p.m.

LOCATION: GCSECA, 120 North 44th Street, Suite 100, Phoenix, AZ

Topic	Lead	Outcome/Discussion
1 Welcome, Introductions, Sign-In	Tony Gillooly	<p>Tony Gillooly welcomed participants to the full group session of the Process Standardization Working Group meeting ("PSWG"). A sign-in sheet was circulated. The minutes from the January 16, 2003 were approved with no changes.</p> <p>Action Item from the January Meeting: PSWG Document CD. TEP has not made progress on creating a point in time PSWG document CD. TEP will consolidate the final versions of all the PSWG documents and create the CD before the next meeting.</p> <p>Erinn Andreasen (ACC Staff) mentioned that there is one document that needs to be re-submitted to the ACC for approval. She will coordinate with Tony Gillooly (TEP) to re-submit the proper version.</p>
2 Update from Staff on Advisory committee	ACC STAFF	<p>Advisory committee update: no meeting has been set for the first meeting. A summary of comments for this group is under way. It will be similar to the PSWG issues list and grouped by rule. The summary will focus on changes to the electric competition rules.</p> <p>Rule Making revisions are at least 1 year out (minimum), with a 6-month allowance for Commissioner Approval/vote of rules.</p> <p>Track A and B are complete and the independent monitored has filed its report on the process. After the solicitation process, it was determined APS and TEP codes of conduct need revision. Code of conduct revisions for APS and TEP are in progress.</p> <p>The Commission Staff filed a report July 15 regarding the track B solicitation process, as part of the Track B order.</p> <p>APS discussed a little about the solicitation process. APS determined there were approximately 8 legitimate bidders offering 120 products. Many of the products did not meet contestable load requirements, or the offers were along transmission-constrained paths. The first years APS will get 1812MW for the summer peak, 225MW off peak and 450MW shoulder. Later years get 1700MW year round. All sourced from Pinnacle West.</p> <p>The Commission is trying to make all utility rules consistent, especially with timing of various items (i.e. grace periods).</p> <p>In January, Morenci Water and Electric's service territory was soon to open for competition, since the last PSWG meeting the territory has opened for electric competition.</p>

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| 3 | Update from all participants on the competition status within their territory | Tony Gillooly | <p>APS - APS indicated they have received inquiries from companies interested in serving deregulated customers, however the inquiries have not led to activity.</p> <p>APS's deregulation computer system is operational and ready for competition.</p> <p>Citizens – The Commission Staff indicated that in the agreement with UniSource Citizens territory will open late 2003 early 2004.</p> <p>Cooperatives – Neither Sulphur Springs nor Navopache have had any activity</p> <p>SRP – No competition in service territory.</p> <p>TEP - UniSource's purchase of Citizens was approved by ACC. Final signing has been delayed to August 11. Citizens will remain separate under UniSource, not rolled into TEP.</p> <p>Competition update: TEP has "mothballed" its deregulation computer system, MVSTAR. TEP is not updating the software without competition justifying the cost.</p> <p>A few large companies have installed their own generation, and in one case disconnected from the TEP grid. TEP asked if other utilities are encountering this. Only APS responded. APS has not seen their customers installing their own generation.</p> |
| 4 | Other Deregulation Discussion | Tony Gillooly | <p>California Deregulation:
California just approved load replacement. A customer could shut down one location and replace that load with a new load as long as the load is equivalent. There is no mechanism for monitoring this load replacement. A waiver will be signed between UDCs and customers so that this equivalence will be maintained, if not, the customer will be responsible for charges.</p> <p>Mirant has declared bankruptcy.</p> <p>Arizona Deregulation:
Participants have heard that that once there is a vibrant wholesale market that retail competition will take off.</p> <p>Thoughts from the group include:
ACC: A wholesale market will assist a retail competition. It will also be dependent on a particular market segment. An example may be Citizens, with higher electric rates than average. Retail competition may be viable in certain areas of the state.
APS: A vibrant wholesale market will help a retail market, but there is more to a retail market than just a vibrant wholesale market. There are more issues to address, metering, as well as transaction costs to serve retail customers.</p> <p>FERC Discussion:
What if FERC approves SMD where there be impact to this group?</p> <p>Participants think there is still too much to be determined, and FERC keeps wavering on SMD. In general, there will be very little impact to the PSWG and what has been done, with the exception of settlement.</p> <p>NAESB status:
Grand Canyon State Electrical asked if anyone had an update on this group. Kimarie Aycock at APS has been monitoring the group and indicated it is still working/meeting, but the focus has changed. They are reviewing many previously documents/policies/procedures, and absorbed many of the CUBR documents. States could adopt the NAESB models, but they are no longer creating hard and fast standards.</p> |

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| 5 | Set Next Agenda and Future meeting time | Tony Gillooly | The next meeting will be January 15, 2004 at the Grand Canyon State Electrical Cooperative facilities from 9-Noon. The agenda will be similar to this agenda. |
| | | | Please note, if an emergency meeting is needed before January due to deregulated activity in the state, a meeting may be called. |
| 6 | Meeting Evaluation | Tony Gillooly | The group provided feedback. |
| 7 | Adjourn Meeting | Tony Gillooly | The meeting was adjourned at approximately 10:30 am. |

Any of the above agenda items may be voted on and approved as a standard by the PSWG

Attendees at the July 17, 2003 Meeting:

Name	Company / contact information if updated
Tony Gillooly	TEP
Kathy Flood	SRP
Barbara Keene	ACC
Barry Scott	SSVEC
Shirley Renfroe	APS
Kimarie Aycock	APS
Jana VanNess	APS (jana.vanness@aps.com)
LeeAnn Torkelson	K.R. Saline
Keith VanAusdal	APS (keith.vanausdal@aps.com)
Paul Taylor	Buck-Taylor Consulting (ptaylor@rwbeck.com)
Erinn Andreasen	ACC Staff
Charlie Emerson	TRICO (cemerson@trico.org)
Paul O'Dair	Navopache (podair@navopache.org)
John Wallace	GCSECA